

CITY OF CHEWELAH
Stevens County, Washington
January 1, 1993 Through December 31, 1993

Schedule Of Findings

1. The City Should Comply With Bid Law And Prevailing Wage Requirements For All Public Works Projects

In February 1993, the city's old fire hall building was totally destroyed by heavy snowfall. The city's insurance carrier offered a cash settlement of \$122,000 or a new building worth \$241,000. The city council chose the new building. The insurance carrier replaced the building. Although the insurance company received bids and selected the low bidder, it did not follow the bid requirements of the city. Additionally, the insurance carrier did not require the contractor to pay prevailing wages.

By delegating responsibility to the insurance carrier, although the city's management took the actions it considered to be best for the city and, in good faith, believed it was in compliance with applicable statutes, the city did not technically comply with the following requirements.

RCW 35.23.352, Public works--Contracts--Bids--Small works roster--Purchasing requirements, recycled or reused materials or products, states in part:

(1) Any second or third class city or any town may construct any public works, as defined in RCW 39.04.010, by contract . . . Whenever the cost of the public work . . . will exceed (\$30,000), the same shall be done by contract. All such contracts shall be let at public bidding upon posting notice calling for sealed bids upon the work.

WAC 296-127-010, Definitions for Chapter 296-127 WAC, Prevailing Wage, states in part:

(7) (a) The term "public work" shall include: (i) All work, construction, alteration, enlargement, improvement, repair, and/or demolition that is executed by contract, purchase order, or any other legal agreement and that is executed at the cost of the state of Washington or of any municipality. The source of the funding shall not determine the applicability of the statute, and may include, but is not limited to, such sources as those payments made through contracts with insurance companies on behalf of the insured state or municipality

RCW 39.12.020, Prevailing rate to be paid on public works and under public building service maintenance contracts--Posting of statement of intent, states in part:

The hourly wages to be paid to laborers, workers, or mechanics, upon all public works . . . shall be not less than the prevailing rate of wage

We recommend the city comply with applicable bid requirements on future public works projects. We further recommend that the city ensure that all contract language includes the requirement to pay prevailing wages.